

PX 270

Message

From: [REDACTED]@ripple.com]
 on behalf of [REDACTED]@ripple.com> [REDACTED]@ripple.com]
 Sent: 11/20/2019 9:28:32 PM
 To: [REDACTED]@ripple.com]
 CC: Comms [REDACTED]@ripple.com]
 Subject: Fwd: Ripple's Tax Shelter & XRP Schemes

Hey [REDACTED] - I pulled together a tweet storm based on the talking points below. Would love your thoughts! Thinking that [REDACTED] can tweet this, and [REDACTED] can RT him with comment? Don't think we want to tag [REDACTED] the report didn't get much traction today so don't want to drive more traffic towards this report. We're tweeting bc we want to go on the record to correct the misinformation.

For additional background [REDACTED] reached out to us about the report and asking for talking points in case someone reaches out to him. No one has yet, but he has good reach so can call them out a bit. Also, he's annoyed.

Since you're in London, hoping you can take a look at this while we're sleeping and we can finalize in the AM before sending to Doug.

----- Forwarded message -----

From: [REDACTED]
 Date: Wed, Nov 20, 2019 at 7:29 PM
 Subject: Re: Ripple's Tax Shelter & XRP Schemes
 To: [REDACTED]@ripple.com>
 Cc: [REDACTED], Brad Garlinghouse [REDACTED]@ripple.com>, Chris Larsen [REDACTED]@ripple.com>, [REDACTED]@ripple.com>

Here are talking points (from [REDACTED] about why [REDACTED] claim are factually inaccurate.

- [REDACTED] is referencing the [REDACTED] for the Fiscal Year Ending in April 2018. At the start of that Fiscal Year (April 2017), XRP was worth \$.05. It wasn't until later in 2017 that the price of XRP really spiked.
- [REDACTED] which started in 2015 with a modest endowment valuation -- was set up as an operating foundation, which meant we supported charitable work with our own direct projects, rather than by giving money away. We've worked on 110+ projects with social ventures spanning 59 countries, empowering entrepreneurial teams that are impacting 216+ million people.
- With XRP's value growing, [REDACTED] assets are now valued at \$370 million, according to a third-party evaluator and confirmed by the IRS (factoring the illiquidity discount [REDACTED] correctly mentions).
- What an amazing opportunity! [REDACTED] is wholly dedicated to advancing and scaling social impact, so we reclassified as a non-operating foundation. That means we now give away money in addition to our existing programs that are dedicated to directly supporting social ventures.
- Since reclassifying, we've been fortunate to fund [REDACTED] to support incredible social ventures doing meaningful work -- such as boosting farmers out of poverty in Senegal [REDACTED], creating access to first-time credit in Sierra Leone [REDACTED] and providing affordable urban sanitation in Kenya ([REDACTED]).

- Our Fiscal Year Ending in 2019 (which runs from April 2018-April 2019) reflects this change in our resources and operations, and the FYE 2019 990 should be publicly available in the coming weeks.

On Wed, Nov 20, 2019 at 5:16 PM [REDACTED] wrote:
On it! All makes sense. Talking points coming soon..

On Wed, Nov 20, 2019 at 5:03 PM [REDACTED]@ripple.com> wrote:
Hi team - providing an update as we're monitoring this on social.
Conversation around [REDACTED] remains low (286k reach, or 1.8% of Ripple/XRP conversations for the day) with most of the conversation still pro-XRP/Ripple and anti-[REDACTED]

Though this isn't picking up too much steam, might be worth having [REDACTED] Doug tweet to go on the record and correct the inaccuracies. We're happy to draft tweets based on RW's talking points so keep us posted.

Thanks,
[REDACTED]

On Wed, Nov 20, 2019 at 2:41 PM [REDACTED]@rippleworks.org> wrote:
[REDACTED] I'll take point for [REDACTED] would love to hop on a quick call with you or whoever it makes sense at Ripple to coordinate and get your perspectives on what would be the best path forward for us in responding (which we are eager to do, lots of completely wrong facts in that piece).

On Wed, Nov 20, 2019 at 2:28 PM [REDACTED]@rippleworks.org> wrote:
We can't wait to respond to this! We probably should coordinate briefly with Ripple. We have a question or two on what works best in the crypto space. Who should we talk to at Ripple.

On Wed, Nov 20, 2019 at 12:52 PM [REDACTED]@ripple.com> wrote:
Thanks all. FYI, [REDACTED] just reached out to us given he's mentioned in the report.
We'll send over high level talking points on Ripple for Good and Ripple's relationship with [REDACTED] in case someone reaches out to him.
If there are additional context/insights on this, let us know and we can chat through next steps/send talking pts to [REDACTED] (if we need to).

On Wed, Nov 20, 2019 at 12:09 PM Chris Larsen [REDACTED]@ripple.com> wrote:
Well that's just not true!
Copying [REDACTED]

[REDACTED] can you post a response with givings and strategy or as you see fit.
Thanks!

On Wed, Nov 20, 2019 at 12:05 Brad Garlinghouse [REDACTED]@ripple.com> wrote:
yes please. adding him here.

CL - I haven't looked at the 990 - but is it accurate that [REDACTED] made zero donations? seems hard to believe to me.

On Wed, Nov 20, 2019 at 10:53 AM [REDACTED]@ripple.com> wrote:
Hey Brad - see below for [REDACTED] report which highlights Elliptic research and Ripple foundation.

[REDACTED] is a known hater of XRP, but we anticipate chatter on Twitter given their following so we've flagged this to [REDACTED] for additional context/info.

Do want us to flag this to Chris? He's also mentioned in the report.

----- Forwarded message -----

From: **Breanne Madigan** [REDACTED]@gmail.com>
Date: Wed, Nov 20, 2019 at 6:48 AM
Subject: Fwd: Ripple's Tax Shelter & XRP Schemes
To: [REDACTED]@ripple.com>
Cc: Dinuka Samarasinghe <[REDACTED]@ripple.com>

FYI




[REDACTED]
[REDACTED]@gmail.com

Begin forwarded message:

From: Messari's Unqualified Opinions <messari@substack.com>
Date: Nov 20, 2019 at 9:46 AM
To: Breanne Madigan <[REDACTED]@gmail.com>
Subject: Ripple's Tax Shelter & XRP Schemes

Ripple's Tax Shelter & XRP Schemes

the \$1.2 billion affiliated foundation made \$0 in grants in 2018

Nov 20 Public post   

Your daily snapshot from our Messari screener.

Ripple's Tax Shelter & XRP Schemes

I've had this one in the back pocket for a couple of weeks, but didn't really have the energy to publish it and then deal with the wrath of the XRP army again. Until now.

We'll go for a two-fer today since Elliptic just released a report tying \$400 million of illicit activity to XRP (vs. \$829 million for bitcoin).

In other words, for all that centralization, corporate treasury shenanigans, and silver-tongued bullshit, you're still getting a network that is pound for pound "shadier" than bitcoin, despite what Ripple execs might have regulators believe.

This isn't the company's fault, of course. I'm not suggesting Brad Garlinghouse is personally laundering \$400 million himself.

Of course not. That would be silly and probably wrong.

What the company is doing with its affiliated foundation may actually be worse, though: using that vehicle as a corporate and executive tax shelter; not dispensing grants to charities (that would actually lead to XRP sales from its treasury and depress the price for company and insider liquidations!); and ultimately obfuscating the fact that 2.2 billion XRP it counts as “circulating supply” is currently locked in long-term restricted selling agreements.

It’s part of the hidden inflation and massive supply overhang in the XRP market we wrote about at length earlier this year.

According to the Foundation’s (public) Form 990, during its fiscal year 2018 (year ended April 30, 2018), the Ripple Foundation for Financial Innovation (nee RippleWorks), the entity affiliated with Ripple and its co-founder Chris Larsen, granted exactly \$0 to other charities out of a staggering \$1.2 billion AUM.

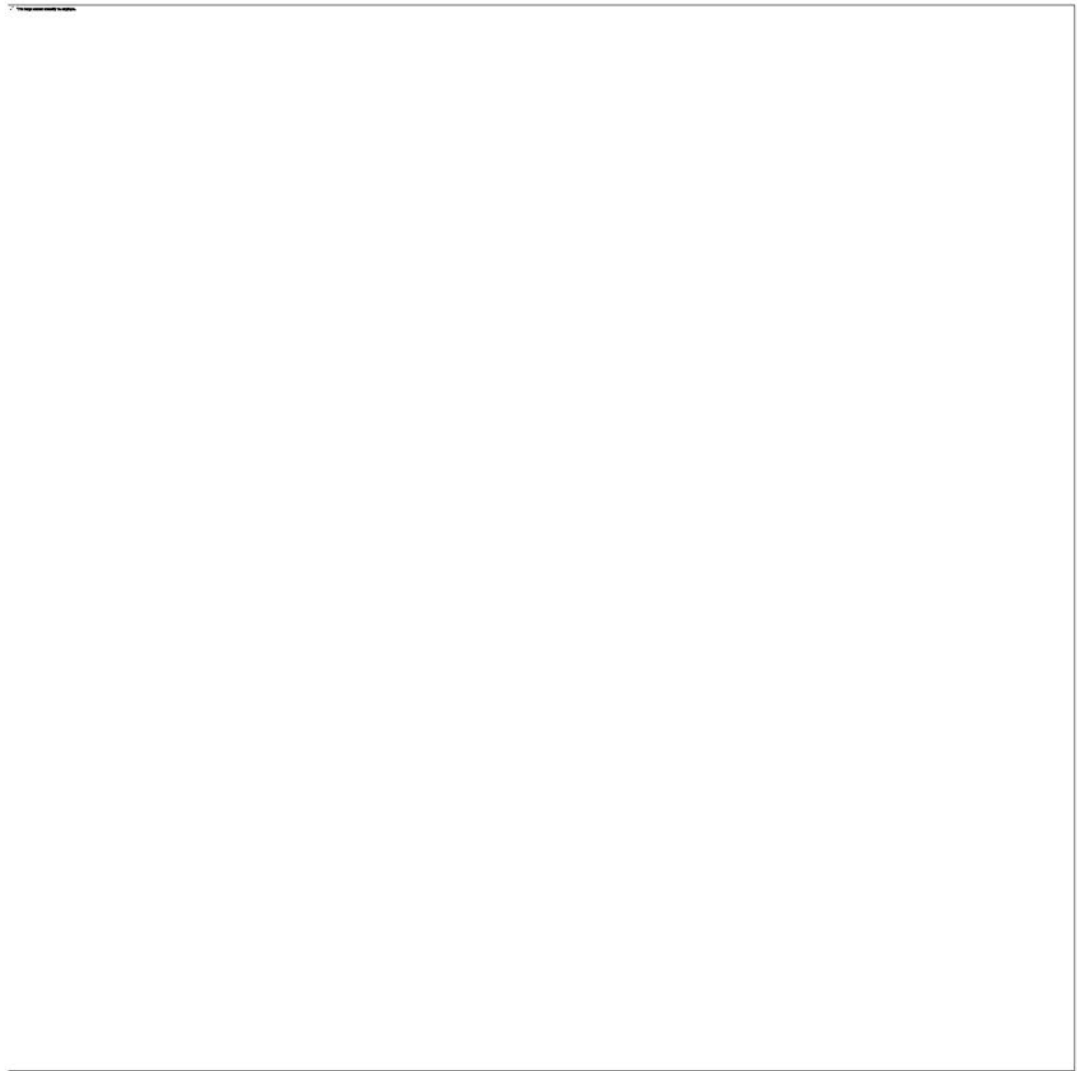
[And by the way, that AUM figure includes a 40% illiquidity discount on the 2.2 billion XRP on its balance sheet at the time. While the price of XRP has dropped, the Foundation’s XRP balance has likely grown significantly since then.]

At the same time, the Ripple Foundation did pay its CEO a \$665,000 salary, while investing \$30 million in Michael Arrington’s XRP Capital. Arrington, of course, is a personal friend of Ripple CEO Brad Garlinghouse.

Again, nothing wrong with spreading your wealth around and managing this warchest for the long-term! Per se!

But there is a problem when actual charities are getting less out of the Foundation than the insiders at Ripple. The company donated \$174mm to the Foundation in 2018 - likely using that as a perfectly legal writeoff for a non-cash donation of property that the company - *smashing keyboard* - created out of thin air.

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And then none of it actually went to charity! Check line 25:

I'm not even mad anymore.

These guys are amazing and nobody cares.

-TBI

Messari Compression Algorithm

Content and thoughts from around the web as summarized by the Messari team.

🐘 Bison Trails, a New York based blockchain infrastructure-as-a-service startup, announced today that it raised \$25.5 million in a Series A. The round was led by Blockchain Capital with participation from Kleiner Perkins, Coinbase, Consensys, and Galaxy Digital, among others. The round follows Bison Trails' \$5.3 million raise last November, bringing its total funding to date to \$31 million. According to Joe Lallouz, CEO of Bison Trails, the company plans to use the proceeds

of the fundraise to expand its offerings as well as to develop a new network roadmap for several projects, including Libra, Telegram, Skale, and Polkadot.

Why it matters:

- It's been a hot week of funding for cryptocurrency startups. The round follows recent announcements of Compound's \$25 million Series A led by a16z crypto and Messari's \$4 million raise led by Uncork Capital.
- Bison Trails is one of the 21 founding members of the Libra Association. According to Lallouz, Bison Trails is actively working with founding members to move the Libra project forward, from testnet to mainnet launch.
- Bison Trails is one of the few startups that exists in contrast to staking-as-a-service providers that risk centralizing blockchain validation and governance with large organizations like exchanges. Bison Trails makes it easy for clients to run node infrastructure on the proof-of-stake networks they support without exposing clients' private keys or having access to moving tokens.

II In its first acquisition, crypto exchange Gemini purchased startup Nifty Gateway for an undisclosed amount. Founded in 2018, Nifty Gateway lets customers buy non-fungible tokens (NFTs, or colloquially "nifties") like CryptoKitties or Gods Unchained collectibles with a credit card. Gemini founders Tyler and Cameron Winklevoss acquired the young company because they believe "the market for nifties will be as big as the collectibles, art and gaming markets combined."

Why it matters:

- NFTs are attracting more attention as of late. Aside from this acquisition, Gods Unchained made headlines a week ago when demand for the Ethereum-based game's trading cards set a new record (beating the previous record by a factor of five) for on-chain ERC-721 token transfers.
- This acquisition is fitting for the Winklevoss twins, as the two have consistently pushed for better access and interfaces to cryptoassets and related use cases. In addition to their crypto onramp (i.e., Gemini), other initiatives include their efforts to establish a Bitcoin ETF, the creation of a dollar-backed stablecoin (\$GUSD), and Gemini integration into Flexa's Spedn application, with varying degrees of success.

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